

— TRUST OPERATIONAL AGREEMENT —

The Bank agrees to set up a trust fund if the Division of Workers Compensation so requests in the event the Letter of Credit is presented for collection to the Bank. When established, the trust fund shall be referred to as “The _____ Workers Compensation Liability Trust.” The Bank recognizes the trust fund will operate in the following manner:

1. The purpose of the trust fund is to pay the above named self-insured’s workers compensation liabilities under the Kansas Workers Compensation Act. Such obligation will include the payment of temporary, permanent and medical compensation, death benefits, court costs, assessments, and any other liability assessment required or imposed on the employer self-insured by the Workers Compensation Act.
2. If a trust fund is established, the trust administrator, subject to approval of the Division of Workers Compensation, may contract with an adjusting company to adjust, investigate and defend claims made against the self-insured and the Bank may pay the adjusting company reasonable compensation for its services.
3. The Bank shall be entitled to reimbursement for its reasonable expenses incurred in the administration of the trust fund in accordance with the Bank’s customary fee schedule in administering such trusts.
4. The Bank shall apply and distribute the monies in the trust fund upon receipt of and in accordance with, the duly authorized and executed order of the Director of the Division of Workers Compensation, Kansas Department of Human Resources.
5. The trust fund, if established, shall continue until the happening of either of the following events, at which time the trust fund shall terminate:
 - a. The trust estate is completely depleted of funds.
 - b. Upon the duly authorized and executed order of the Director by reason of the Director’s finding that the trust fund is no longer required for satisfaction of the employer’s liabilities under the Kansas Workers Compensation Act. In this event payment will be made to the employer, its successor, trustees, receivers, or assigns upon the determination of the Director that the trust estate or a portion thereof is no longer required for satisfaction of the employer’s workers compensation liabilities under the Act.

6. The Bank, if the trust fund is established, shall keep accurate records and accounts of the administration of the trust estate and shall annually furnish the Workers Compensation Director, or at any time the Director shall reasonably request, a full and complete statement of all receipts and disbursements of the trust estate.
7. That in the event a trust fund is established, the Bank and the Division of Workers Compensation can further augment the above guidelines with more specific guidelines as to the actual operation of the trust.
8. Unless otherwise directed, the Trustee shall invest all funds held by it from time to time in obligations of the United States Government in United States bills and/or notes maturing no more than two years from their date of purchase.

The Kansas Department of Human Resources, Division of Workers Compensation, shall retain the plenary power to direct investment objectives as it shall deem proper. The Trustee shall be fully protected in making investments pursuant to such instruction, and shall have no liability or duties as to the selection of investments so directed.

9. The Trustee shall account for income derived from investments, and shall retain or pay out such income as from time to time directed by the Kansas Division of Workers Compensation.
10. This Trust is subject to the Uniform Trustee's Powers Act, and the Trustee shall have such powers and duties as set forth therein.

Agreed to this _____ day of _____, 20_____

Name of Bank:_____

By: *(name)*_____

*(title)*_____